

DATE: December 11, 2002

TO: Mental Health Centers
Residential Treatment Facilities
Therapeutic Group and Foster Care Agencies
Hospital Psychiatric Units

FROM: Dan Anderson
Administrator

RE: Mental Health Medicaid Program

After reviewing October reports and speaking by telephone and in person with several of the major provider agencies, it is clear that we are spending our Medicaid appropriation at a rate that will lead us to a deficit before the end of the fiscal year. As a result, we have decided upon a set of program changes that are designed to reduce our Medicaid expenditures for mental health services to the level of funding we have available for FY2003.

The following will be effective January 1, 2003:

1. The intensive level of therapeutic family care will be eliminated. There will be one level of therapeutic family care that will be reimbursed at \$38.82 per day.
2. The rate for intensive therapeutic group care in homes of 5 or more youth will be reduced to \$124.42 per day. This will also be the campus therapeutic group home rate. The rate for intensive group care in homes of 4 beds will be reduced to \$150.37 per day. We will reduce some of the staff ratio requirements for group homes to help agencies adjust to these rate reductions.
3. The payment rate for community-based psychiatric rehabilitation and support will be reduced 10% to \$5.55 (individual) and \$1.67 (group) per 15-minute unit.
4. The monthly rate for intensive case management for adults will be eliminated. Case management will be reimbursed on a 15-minute unit basis. Each adult case management provider will be given a target dollar amount for adult case management which is based on the expectation that clients who have been receiving intensive case management will, on average, receive 16 units per month. The care coordination (case management) rate for adults will be \$8.74 per 15-minute unit.
5. The monthly rate for intensive case management for youth will be eliminated. Case management provided by the 5 agencies that have been selected will be reimbursed on a 15-minute unit basis. Each provider will be given a target dollar amount for youth case management that is calculated based on an average of 14 units per month per recipient. The care coordination (case management) rate for children will be \$12.00 per 15-minute unit.

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6. The following procedure codes for psychologists, social workers and professional counselors will be eliminated: 90808, 90814, 90821, 90828
7. Individual outpatient therapy for adults by psychologists, social workers, and professional counselors will be limited to 16 sessions per year (8 sessions for the period 1/1/03 through 6/30/03). This is an absolute limit.
8. A 5% rate reduction will be implemented for the following services: all psychologist, social worker and professional counselor services, day treatment (adult and youth), adult foster care, adult group home, crisis facility, residential treatment facility, permanency therapeutic family care, moderate level therapeutic family care, and partial hospitalization. These rate reductions apply to both Medicaid and MHSP.

In addition to these 8 changes, we are working to re-establish comprehensive school and community treatment (CSCT), using education expenditures rather than general fund match, beginning January 1. We expect to save \$135,350 in general fund costs as children are switched from other services into CSCT. We are also counting on the cooperation of the counties and the community mental health centers to allow us to leverage county funds as Medicaid match. If either of these initiatives is unsuccessful, further service reductions may be necessary.

It should go without saying that we make these program changes reluctantly and that we understand they will create hardships for providers and consumers. These changes are not, however, unexpected. We have met with and corresponded with the major mental health specialty provider agencies to discuss our Medicaid budget situation since last March. We proposed a "program plan" to each agency as a way to encourage each provider to help control the Medicaid budget. We can only assume that all providers took this challenge seriously and attempted to control costs. Some have been more successful than others, however, and overall we have been faced with a \$6.3 million projected deficit. Enclosed with this letter is a summary of how the specialty mental health providers' projected Medicaid costs compare with the plans we prepared in September. We present this data in order to give you as much information as we can about projected Medicaid expenditures and our current budget status.

If you have questions about this memo or these changes please contact me (444-3969), Lou Thompson (444-9657) or Bob Mullen (444-3518).

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